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SUBJECT: Scenesetter for Philippine Agriculture Secretary Yap's Trip to Washington

**¶1.** (SBU) Summary. Philippine Agriculture Secretary Arthur Cua Yap has an impressive range of agricultural, environmental, trade and political goals for his brief November 15-16 visit to Washington. With nearly two-thirds of Filipinos engaged in agriculture - and farm families suffering the highest levels of poverty - agricultural reform is a priority for the Arroyo government. A former student and a confidant of President Arroyo, Yap is bright, articulate and will likely remain an important leader in Philippine government and business. A principal goal of Yap's visit is to meet with the Global Environment Facility (GEF) regarding the Coral Triangle, a region of extraordinary marine and coastal biological resources. But he will also be urging continued USDA assistance - and increased U.S. agricultural investment - to ameliorate poverty in conflict areas of Muslim Mindanao. We believe he will also carry a message on Philippine trade policy for USTR Ambassador Schwab from President Arroyo. After his Washington stop, the Secretary travels to meetings with the Food and Agriculture Organization in Rome. End Summary.

**¶2.** (SBU) While the energetic and hardworking Yap spends a good deal of time visiting agricultural enterprises throughout the Philippines, he is also an important political troubleshooter for President Gloria Macapagal Arroyo. Young, articulate, well educated and well connected in the Filipino-Chinese elite, we expect Yap to continue to play leadership roles in the government in coming years.

He accompanied President Arroyo on recent visits to India and China. Prior to his October 2005 cabinet appointment, he co-founded a law firm and served as president of the Philippine Association of Paint Manufacturers. Yap has a bachelor's degree in management and economics from the Ateneo de Manila University, a private Catholic university. He studied economics under then-Professor Gloria Arroyo and finished his law degree at the same school.

Agriculture Vital to Philippines

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**¶3.** (U) Agriculture is an essential element of the Philippine economy, accounting for some 20 percent of GDP. Two-thirds of the country's population depends on farming for its livelihood, and about half of the labor force is engaged in agricultural activities.

Agricultural development is a priority of the Arroyo administration as farm households account for the highest levels of poverty and malnutrition. Farming is generally undertaken in small farms with an average area of two hectares. Rice, corn, and coconut production make up nearly 30 percent of farm output. Under its Agriculture and Fisheries Modernization Plan, the Philippines has prioritized livestock development, specifically upgrading the genetics of dairy/beef cattle and small ruminants; investment in pre- and post-harvest facilities and infrastructure; and biotechnology research and development.

Arms to Farms in Muslim Mindanao

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¶4. (SBU) Secretary Yap was originally scheduled to travel to Washington on October 22-23, but postponed his visit at the request of President Arroyo. Yap indicated to us that a key goal is to seek a continuation of grants and loans - and perhaps some new funding - from USDA programs including PL 480, Title 1, the Cochran program, and Food for Progress, especially for projects in Mindanao administered through Catholic Relief Services. Yap said he was also looking for opportunities to work with private U.S. companies that could invest in programs in Mindanao on bio-fuels, fisheries, commodity processing, dairy, and halal food processing for export.

¶5. (SBU) Secretary Yap is scheduled to meet with USTR Ambassador Susan Schwab on November 15 to deliver a message from Philippine President Arroyo. Although we do not know the precise content of the personal message, it may concern the issue of a Free Trade Agreement between the United States and the Philippines. Yap is slated to have a courtesy call on USDA Acting Secretary Connor on November 15 to discuss arrangements for detailed meetings on agricultural issues next year.

Coral Triangle Dinner

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¶6. (U) Secretary Yap will make a presentation on the Coral Triangle to key Pacific Rim decisionmakers and officials at a dinner associated with the annual meeting of the Global Environmental Facility (GEF) Council. Sometimes referred to as the "Amazon of the Seas", the Coral Triangle is the center of marine biodiversity and productivity, containing over half the planet's coral reef and over 75% of its coral species. The Coral Triangle is also of vital economic importance to the entire Pacific region, with fisheries that support the livelihoods of over 120 million people, and tuna spawning grounds that support a multi-billion dollar industry in both the Pacific and Indian oceans. However, the Coral Triangle is

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at immediate risk from a range of factors, including over-fishing and unsustainable fishing methods, land-based sources of pollution, and population pressure.

¶7. (U) Yap may meet with USAID officials November 16 to discuss ongoing USAID support to coastal and marine resource management in the Philippines in the context of a new Comprehensive National Fisheries Industry Development Plan (CNFIDP), which lays out Philippines fisheries strategic directions over the coming 20 years. The Plan was produced with assistance from USAID.

¶8. (U) Secretary Yap will be accompanied by Malcolm Sarmiento, Director of the Bureau of Fisheries and Aquatic Resources (BFAR); and Noel Barut, BFAR's Chief Aquaculturist.

¶9. (SBU) Comment: This is Secretary Yap's first official visit to Washington in his current capacity and he is eager to make a good impression and focus on substantive results. Indicative of his hardworking style, Yap has prepared well for his visit. He is deeply appreciative of U.S. assistance and support and has been in close contact with us to ask for advice on how best to approach Washington officials and industry. We suggested that he should concentrate on laying the foundation for growing partnerships in the agricultural sector between America and the Philippines.

Kenney